

IN THE CHANCERY COURT OF LEWIS COUNTY
AT HOHENWALD, TENNESSEE

IN RE: SENTINEL TRUST COMPANY)
)
)
)

Case No. 4781

FILED
AT 10:18 O'CLOCK A.M.
DEC 20 2006
JANET WILLIAMS, CLERK & MASTER
BY Selena Wix

**ORDER OVERRULING OBJECTIONS BY DANNY N. BATES REGARDING MOTION
SEEKING APPROVAL OF THE SCHEDULE OF CLAIM DETERMINATIONS**

On January 31, 2006, the Commissioner-in-Possession ("Commissioner") and the Sentinel Trust Receiver ("Receiver") filed a Notice of Filing of Schedule of Claim Determinations and Motion Seeking Approval of the Schedule of Claim Determinations and Approval of the Methodology Proposed to Calculate Distributions on Accepted Claims. On February 6, 2006, Danny N. Bates ("Bates") filed an Objection to Motion Seeking Approval of the Schedule of Claim Determinations and Approval of the Methodology Proposed to Calculate Distributions On Accepted Claims. On March 21, 2006, Bates filed a Notice with the Court wherein he withdrew all Objections which "contain matters and objections previously raised and ruled on by the Court." Bates' Notice, however, did not specify which Objections he was withdrawing. On March 27, 2006, the Acting Commissioner and Receiver filed their Reply to Objections by Danny N. Bates Regarding Motion Seeking Approval of the Schedule of Claim Determinations. On April 11, 2006, Bates filed a Response to the Acting Commissioner's and Receiver's Reply. This matter came before the Court for hearing on April 12, 2006. At that hearing, the Court directed the parties to submit further briefing upon the issue of Bates' standing to object to the Schedule of Claim Determinations and what impact, if any, Bates' Objections had regarding the proposed methodology of calculating distributions. On April 21, 2006, these

supplemental briefs were filed/mailed for filing. This matter came before the Court for further hearing on August 8, 2006.

Upon consideration of the Motion, the Objections, the Reply, the Response to the Reply, the supplemental briefs, the record in this action and argument of counsel presented, the Court hereby deems that Bates has withdrawn his Objections 1, 2, 3, 4, 5, 7 and the second portion of Objection 6.

The first part of Bates' Objection 6 stated that proceeds from the liquidation of a Sentinel Trust Hilliard Lyons account should be part of the funds available for distribution. Without conceding any issues and based upon the position that the proceeds from the liquidation of the Hilliard Lyons account are not needed to fund the operations and asset recovery efforts of the Sentinel Trust Receivership, the Acting Commissioner and Receiver have stated their intent to place the Hilliard Lyons account proceeds in the SunTrust Pooled Fiduciary Account and to have those funds available for the envisioned interim distribution. Such being the case, the Court determines that the first part of Bates' Objection 6 is moot.


Upon consideration of Bates' remaining Objections and attendant filings in the record and upon argument of counsel presented, the Court also hereby OVERRULES all of those remaining Objections.

Also of record regarding Bates' Objections to the Schedule of Claim Determinations was Bates' oral request, made at the April 12, 2006 hearing, to be allowed to testify as to various issues. At the April 12, 2006 hearing, Bates was instructed to set forth, in writing, the specific areas about which he wanted to testify. In his April 21, 2006 supplemental filing, Bates does so. The Acting Commissioner and Receiver responded through their filing made on April 26, 2006. Upon review of those materials and upon argument of counsel presented, the Court DENIES

Bates' request to testify as either moot or as relating to matters of record to which oral testimony is not needed.

In conjunction with the entry of this Order, the Court will enter a separate order directly addressing the Commissioner-in-Possession's and Receiver's Motion Seeking Approval of the Schedule of Claim Determinations. That separate order will be certified as final, pursuant to Rule 54.02 Tenn.R.Civ.P. in order to provide certainty as to the Schedule of Claim Determinations and the distribution calculation methodology. Thus, for the same reason and to make this Order parallel to the Court's separate order, the Court finds that there is no reason or just cause for delay and directs that this Order be entered by the Clerk and Master as a final appealable order on the matters addressed herein. Rule 54.02 Tenn.R.Civ.P.

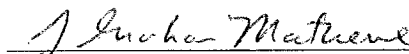
It is so ORDERED, this the 19th day of ~~August~~ ^{December}, 2006.



Hon. Jerry Scott
Sitting by Appointment

JERRY SCOTT
SENIOR JUDGE
Sitting by designation
pursuant to Tenn Code
Ann SEC. 17-2-304

Submitted for Approval



J. Graham Matherne, #11294
WYATT, TARRANT & COMBS, LLP
2525 West End Avenue, Suite 1500
Nashville, Tennessee 37203-1423
(615) 244-0020

*Counsel for Receivership Management, Inc.,
Receiver of Sentinel Trust Company*

Janet M. Kleinfelter (by G. Mitman
Janet M. Kleinfelter in person)
Attorney General's office
425 5th Avenue North
P.O. Box 20207
Nashville, TN 37243
(615) 741-7403

Counsel for Acting Commissioner Greg Gonzales

CERTIFICATE OF SERVICE

This is to certify that on August 8th, 2006 a copy of the foregoing Order has been sent by First Class U.S. Mail, postage paid, and also by facsimile transmission as noted, to:

Donald Schwendimann
12 East Fourth Avenue
P.O. Box 366
Hohenwald, TN 38462
(via fax 931-796-5692)

Carrol D. Kilgore
Attorney at Law
95 White Bridge Road
Suite 509, Cavalier Building
Nashville, TN 37205-1427

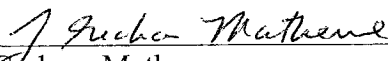
James S. Chase
John A. Decker
Hunton & Williams LLP
900 South Gay Street, Suite 2000
P.O. Box 951
Knoxville, TN 37901

Larry Stewart
Adams and Reese/Stokes Bartholomew
424 Church Street, Suite 2800
Nashville, TN 37219

David C. Peluso
P.O. Box 250
Hohenwald, TN 38462-0250

James S. Hereford, Jr.
310 W. College Street
P.O. Box 802
Fayetteville, TN 37334-0802

Diana M. Thimmig
Roetzel & Andress
1375 East Ninth Street
One Cleveland Center, Ninth Floor
Cleveland, OH 44114



J. Graham Matherne